



U.S.-PANAMA TRADE PROMOTION AGREEMENT

Utah Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Utah's agricultural products, including beef, dairy, and pork. Utah's agricultural exports to all countries, estimated at \$441 million in 2010, supported over 3,700 jobs, on and off the farm. These export sales make an important contribution to the Utah farm economy, which had total cash receipts of \$1.3 billion in 2010.

Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs), totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Pork

- Panama will provide immediate duty-free access, within preferential TRQs, for 2,554 metric tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of

processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and over-quota tariffs will be eliminated in 15 years.

- Panama will immediately eliminate its 10-percent tariff on pork variety meats.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Utah Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$1.3 billion	\$441 million
Dairy Products	\$293 million	\$33 million
Cattle and Beef	\$284 million	\$22 million
Hogs and Pork	\$182 million	\$53 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.